

## Message Text

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22

ACTION OES-06

INFO OCT-01 ARA-10 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 SP-02 SS-15 STR-04 TRSE-00 ACDA-10

NRC-07 PA-02 PRS-01 EUR-12 /137 W

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R 292000Z JUL 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7071

INFO AMEMBASSY BONN

AMEMBASSY BUENOS AIRES

UNCLAS BRASILIA 6670

E.O. 11652: N/A

TAGS: ENRG, TECH, BR

SUBJECT: NUCLEAR ENERGY: BRAZILIAN PRESS REPORTS ON RECENT EVENTS

### 1. TRAINING:

GOB ANNOUNCED AT OPENING SESSION OF BRAZILIAN SOCIETY FOR PROGRESS OF SCIENCE (SBPC) THAT NUCLEAR TRAINING PROGRAM (PRO-NUCLEAR) HAD BEEN APPROVED TO PROVIDE 10,000 SPECIALISTS OVER NEXT NINE YEARS. WIRP FUNDS OF \$180 MILLION FOR PERIOD 1976 TO 1985, PRO-NUCLEAR IS TO PRODUCE 5600 INTERMEDIATE LEVEL TECHNICIANS AND 850 PROFESSIONALS INCLUDING 3700 ENGINEERS, 300 PHYSICISTS, AND 150 GEOLOGISTS-DISTRIBUTED 45 PERCENT AT BS LEVEL, 45 PERCENT AT MS LEVEL, AND 10 PERCENT AT PHD LEVEL. PRO-NUCLEAR WILL BEGIN THIS YEAR WITH \$3,5 MILLION--\$2,0 MILLION FROM CNPQ AND \$1,5 MILLION FROM NUCLEBRAS.

2. CONTRACTS: PRESS GAVE EXTENSIVE COVERAGE TO SIGNING OF CONTRACT BETWEEN FURNAS AND KWU FOR TWO BIBLIS-TYPE REACTORS OF 1300 MWE EACH FOR UNITS  
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II AND III OF THE POWER PLANT NEAR ANGRA DOS REIS.

CONTRACT WAS ALSO SIGNED FOR PROVISION OF FUEL ELEMENTS BY KWU UNTIL SUCH TIME AS NUCLEBRAS CAN HAVE THEM MADE IN BRAZIL. REACTORS WERE STATED TO BE MORE EXPENSIVE THAN COMPARABLE US-TYPE BUT CONTRACTS INCLUDE QUOTE TOTAL UNQUOTE GRADUAL TRANSFER OF GERMAN TECHNOLOGY WHICH WILL ENABLE BRAZIL TO ATTAIN NATIONAL CAPABILITY. BACKGROUND ARTICLE IN "ESTADO DE SAO PAULO" ALLEGED THAT GOB WAS CONCLUDING ANOTHER CONTRACT WITH URENCO FOR SUPPLY OF THE ENRICHED URANIUM FOR THESE PLANTS. SOME COMPONENTS OF ANGRA II AND III WILL ARRIVE NEXT YEAR, AND THEY ARE EXPECTED TO BE ON LINE IN 1982 AND 1983 RESPECTIVELY. PRESS REPORTS WERE INCONSISTENT IN STATEMENTS OF TOTAL COSTS OF PLANTS AND DIVISION BETWEEN IMPORTED COMPONENTS AND LOCAL COSTS.

3. BRAZILIAN PARTICIPATION: NATIONAL INDUSTRIAL PARTICIPATION IS ESTIMATED AT 30 PERCENT OF THE PLANT EQUIPMENT (LIGHT, NON-NUCLEAR, VALUE \$120 MILLION) FOR FIRST TWO GERMAN UNITS, INCREASING TO 70 PERCENT BY THE LAST OF THE EIGHT UNITS TO BE PURCHASED (TOTAL VALUE OF BRAZILIAN COMPONENTS APPROX \$850 MILLION FOR ALL EIGHT UNITS). MINISTER UEKI SAID NATIONAL INDUSTRY CANNOT YET MAKE HEAVY COMPONENTS AND THEIR FUTURE PARTICIPATION DEPENDS ON THEIR INITIATIVE. CONSTRUCTION OF NUCLEBRAS SUBSIDIARY PLANTS AT SEPETIBA IS BEGINNIGN AND THEY ARE EXPECTED TO BE READY TO TURN OUT LIGHT PLANT COMPONENTS CALLING FOR HIGH DEGREE OF QUALITY CONTROL BY 1978. PRESS QUESTIONS MADE CLEAR THAT ONLY BRAZILIAN COMPANIES ACQUIRING AND EMPLOYING GERMAN TECHNOLOGY CAN EXPECT TO PARTICIPATE IN PROGRAM--E.G., VILLARES WHICH MAKES TURBO-GENERATORS THROUGH ASSOCIATION WITH BROWN-BOVERI WILL NOT BE INVOLVED SINCE KWU WILL SUPPLY THE FIRST TURBOGENERATORS AND PUMPS AND ITS TECHNOLOGY WILL BE USED FOR ALL EIGHT UNITS. THE THREE PRINCIPAL BRAZILIAN INDUSTRIAL EQUIPMENT ASSOCIATIONS RESPONDED BY ARGUEING THAT PRIVATE SECTOR ALREADY PREPARED TO MEET MANY NEEDS OF PROGRAM. ASSOCIATIONS ALSO CONCERNED THAT GOVERNMENT COMPANIES (NUCLEBRAS SUBSIDIARIES) WILL MONOPOLIZE OTHER PLANT COMPONENTS BESIDES TURBOGENERATORS AND NUCLEAR ITEMS.

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4. FINANCING GOB NEGOTIATED THREE LOANS TOTALING APPROX \$1.7 BILLION WITH GERMAN BANK CONSORCIA FOR NUCLEAR PROGRAM AND WILL PROVIDE APPROX \$900 MILLION FROM OWN FUNDS. MINISTER UEKI URGED THAT GERMAN COMPANIES INCRESSES THE INVESTMENTS IN BRAZIL, ESPECIALLY IN THE MINERALS SECTOR, AND PROMISED PREFERENTIAL TREATMENT FOR SUCH INVESTMENTS AS A RESULT OF THE NUCLEAR COOPERATION.

EDITORIAL IN "ESTADO DE SAO PAULO" CRITICIZED NUCLEAR BORROWING, SAYING IT WOULD HAVE BEEN MORE USEFUL TO FUND OTHER PROGRAMS LIKE HYDROPOWER AND RAILWAYS, AND PREDICTED DISAGREABLE SURPRISES FOR GOB IN THE FINAL COSTS AND TECHNICAL RESULTS OF PROGRAM.

5. URANIUM: PRESS EXPECTED NEW DEFINITE STAMENTS ON URANIUM RESOURCES IN BRAZIL ON MINISTER UEKI RETURN BUT THESE DID NOT OCCUR. THERE WERE SOME HINTS OF NEW FINDS BUT OFFICIALS SAID THAT URANIUM WOULD BE OBTAINED FROM THE US, SOUTH AFRICA, OR AUSTRALIA IF A SUFFICIENT AMOUNT WAS NOT DISCOVERED HERE. NUCLEBRAS SAID IT WAS BACKING UP THE FURNAS/KWU CONTRACTS AND WOULD GUARANTEE TO SUPPLY URANIUM AT CURRENT MARKET PRICES ACQUIRED THROUGH ITS FOREIGN CONCESSIONAIRE.  
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